

FINAL RECOMMENDATION SUMMARY FORM

WORKGROUP: HOMEOWNERSHIP - COUNSELING

STRATEGIC ISSUE:		
1. Ensure that the financial services, housing counseling and education meet the needs of Michigan consumers.		
FINAL RECOMMENDATION (S):	ACTION STEPS needed for follow up and implementation:	WHO must be involved in follow-up and implementation:
1. Provide Curriculum, Training and Financial services in Michigan.	<p>Network Counselors are to be fully trained in the entire range of services provided to customers.</p> <p>1. Expand training in foreclosure prevention. 2. Expand curriculum and provide training in predatory lending avoidance counseling and education. 3. Update home maintenance curriculum and provide advanced maintenance training to network counselors. 4. Market LINKS services, including home inspections, to better reach target market.</p> <p>Establish a core network of opportunity centers across the State of Michigan that provides a full range of financial services and education to low- and moderate-income households.</p> <p>1. Better connect DMI and the counseling network for customer default avoidance counseling. 2. Layer programs and resources to build capacity of a core group of financial opportunity centers in MI. 3. Explore potential to co-locate financial</p>	<p>1. MSHDA Single Family 2. Counseling Network 3. Operation HOPE</p> <p>1. MSHDA Single Family 2. MSHDA Community Development 3. MSHDA Legal Affairs 4. Government representation (DOE/OFIS) 5. Financial Institutions</p>

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<p>2. Increase and Coordinate Funding to Support the Counseling Network</p>	<p>partners and counseling network at opportunity centers.</p> <p>Create an office of financial education at the State level.</p> <ol style="list-style-type: none"> 1. Work to ensure personal financial education is included in legislation for new academic standards in Michigan. 2. Explore the possibilities of governmental mandate of education for all sub prime loans in Michigan. 3. Define the concept of elementary and high school student financial education. <p>Seek additional funding partners to leverage resources for financial services, counseling and education in Michigan.</p> <ol style="list-style-type: none"> 1. Assess feasibility of increasing cash assistance for foreclosure prevention funding. 2. Research funding opportunities for high school student financial management education. 3. Create partnerships for financing housing counseling and financial management education. 4. Research opportunities for providing funds to assist counseling agencies with their LINKS to Home Ownership marketing costs. 5. Determine viability of relaxing mortgage loan underwriting criteria for LINKS prepared customers. 6. Evaluate implications of increasing DPA to a \$10,000, 5-year forgivable loan. 7. Examine current funding within MSHDA 	<ol style="list-style-type: none"> 1. OFIS 2. Counseling Network reps 3. MSHDA reps 4. Education curriculum committee 5. American Association of Professors 6. Department of Education <ol style="list-style-type: none"> 1. MSHDA Single Family 2. Counseling Network representatives 3. Council of Michigan Foundations 4. MSHDA Legal Affairs 5. Financial Institutions
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<p>3. Counseling Network Accountability</p>	<p>and consider layering to expand capacity of a core group to provide comprehensive financial opportunity centers across the state.</p> <p>8. Provide tools and support to the Network in fundraising activities from localized sources of funding.</p> <p>Counseling Network performance is measured against a set of reasonable indicators of success.</p> <ol style="list-style-type: none">1. Determine “reasonable indicators of success”.2. Develop an assessment tool for customer use.3. Administer on site audits of counseling, education and financial services provided by network agencies and opportunity centers.4. Standardize the full range of curricula used by network allowing for individual flexibility and delivery choices by sites.5. Define measurements and document instances of individual customer learning.	<ol style="list-style-type: none">1. Counseling Network representation2. MSHDA Single Family
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CHALLENGES associated with follow-up and implementation:

Challenges associated with Recommendation #1:

1. Defining a quality personal financial management curriculum and all its component parts for K thru 12th grade students.
2. Providing financial management education to new immigrants, children, low-wage employees, and encouraging employers to join the movement.
3. Determining who should run (i.e., a smaller set of high performing non profits) and geographic distribution of opportunity centers.
4. Developing a comprehensive definition of housing counseling, home ownership education and counseling and home maintenance training.
5. Locating a department of financial education at the Treasury, DOE or OFIS.

Challenges associated with Recommendation #2:

1. Leveraging local, state and national funds to match the funds provided by MSHDA to provide a broad range of quality services in high performing and targeted locale.

Challenges associated with Recommendation #3:

1. Determining one set of standards that is acceptable will be time consuming.
2. Ensuring the financial education, housing education and counseling needs of lower income households are met will require short and long term studies and test subjects.
3. It is important to get the counseling agencies to buy into what we're trying to accomplish.
4. Ensure that indicators for success include broader measures of improving family financial security (beyond those related to MSHDA products and homeownership).

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WORKGROUP: HOMEOWNERSHIP - MINORITY EMERGING MARKETS

STRATEGIC ISSUE:		
<p>2. Increase Homeownership in Michigan's Emerging Markets, specifically targeting minorities.</p> <p>We define the Emerging Markets as Michigan's "under-housed" populations, namely households that are lower-income, minority, younger, disabled, single heads-of-households and/or immigrant. Also included in Emerging Markets are persons who would benefit from the development of programs designed to address issues of fairness, affordability, and access to market-cost home loans. Further, we realize Emerging Markets consist of the vast untapped business opportunity presently and into the future for the real estate and mortgage industries.</p>		
FINAL RECOMMENDATION (S):	ACTION STEPS needed for follow up and implementation:	WHO must be involved in follow-up and implementation:
<p>1. Create an Emerging Markets Advisory Board to provide trusted guidance. There is significant under-representation of minority involvement in the processes and decision-making.</p>	<p>Establish a Multicultural Emerging Markets Advisory Board:</p> <ol style="list-style-type: none">1. Serve as a communication forum to identify key issues and obstacles to homeownership faced by minority populations.2. Establish plans, partnerships and generate ideas for addressing emerging market homeownership issues.3. Exchange information about MSHDA and other industry programs.4. Build relationships among members that provide valuable resources.5. Gain awareness and better understanding of issues facing minorities seeking homeownership.	<ol style="list-style-type: none">1. Committed Minority Leaders in Real Estate and Community Development2. MSHDA's Participating Lenders3. MSHDA Community Development4. MSHDA Single Family6. LINKS to Homeownership Counseling Network7. Minority Faith-Based Organizations and Churches8. Single Family Real Estate Industry9. MSHDA HCV Key to Own staff10. Local PHAs.

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<p>2. Create expanded and targeted outreach efforts. There is a need to educate minorities about the homeownership and mortgage process in a trusted and intimate environment to avoid barriers presented by more mass media approaches.</p>	<p>6. Provide insight on needed MSHDA and industry pilot programs and identifying key obstacles to homeownership within minority markets.</p> <p>Develop a faith-based approach to penetrating minority markets using minority real estate professionals in partnerships with minority churches in targeted outreach efforts.</p> <ol style="list-style-type: none">1. Expand partnerships with the minority faith-based communities and work with churches seeking community partnerships that help serve their membership. They have the potential to provide a trusted and accessible infrastructure for educating minorities about issues that are important to their members regarding homeownership.2. Engage more minority real estate professionals within the counseling and education network, recognizing the growing need for trusted minority intermediaries.3. Create new partnerships and initiatives partnering minority faith-based organizations, churches, lenders, MSHDA and committed minority real estate professionals and community organizations. <p>Develop and implement a well-funded marketing and outreach campaign</p>	
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<p>3. Expand use of the Section 8 to Homeownership program throughout Michigan specifically targeting minority markets in urban areas.</p>	<p>pertaining to homeownership opportunities for minority emerging markets.</p> <p>Promote the successes of MSHDA's Key to Own Homeownership Program and encourage Michigan Public Housing Authorities (PHA's), lenders and nonprofit organizations statewide to use Section 8 rental subsidies for mortgage payments.</p> <p>Encourage PHAs to use MSHDA and other affordable loan products and down payment assistance funds, targeting minority emerging market Section 8 voucher holders living in urban areas throughout the state.</p>	
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CHALLENGES associated with follow-up and implementation:

1. Funding resources needed to support creative pilot initiatives targeted at increasing minority homeownership.
2. General lack of understanding concerning the whole issue of the homeownership gap in Michigan. Selling the need and value of targeting efforts toward minority homeownership. Michigan is one of the most affordable housing markets in the country with one of the highest overall homeownership rates at 78%, yet Michigan's minority homeownership rates is only 52%.
3. General lack of understanding regarding race issues and the need to provide trusted intermediaries.
4. How do we organize minority real estate professionals?
5. Continuing the dialogue, acknowledging that neither MSHDA nor the Real Estate Industry can penetrate minority populations alone.
6. For Michigan housing and mortgage industry participants to more effectively serve emerging markets, greater minority representation in the work force is needed. According to the Bureau of Labor Statistics, less than 5 percent of workers employed in the finance, insurance and real estate industries are African Americans. Low minority representation among loan officers, real estate professionals and other mortgage market participants may deter minority consumers from pursuing opportunities to become homeowners.
7. Cooperation/trust issues between minorities and the real estate industry.
8. Logistics of promoting the successful model, "MSHDA's Key to Own Program", within local urban PHA's.
9. Building capacity within local PHA's to run a successful program.

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WORKGROUP: HOMEOWNERSHIP - PREDATORY LENDING

STRATEGIC ISSUE:		
<p>3. Increase public awareness of predatory and sub-prime lending practices. Homeowners/buyers need stronger protections to protect home equity and neighborhoods from being preyed upon by unscrupulous lenders. Predatory lending practices include loan flipping; excessive interest, points and fees; steering of borrowers qualifying for prime loan products; and inappropriate prepayment penalties. These practices appear to affect minority homeowners disproportionately.</p>		
FINAL RECOMMENDATION (S):	ACTION STEPS needed for follow up and implementation:	WHO must be involved in follow-up and implementation:
<p>1. Provide options for borrowers who may fall victim to “predatory” products with significantly higher rates and fees.</p> <p>2. Provide information necessary to assist the general public to better understand what is a predatory lender.</p>	<p>Increase product offerings to include a product offering 100% financing for borrowers with credit scores between 575-680.</p> <p>Review 100% product offered to MSHDA in partnership with United Guaranty for possible revival.</p> <p>Develop sub prime loan products that have more reasonable fees and rates than those currently available in the market.</p> <p>This to include aggressive public-education, as many do not recognize the signs of predatory lending.</p> <p>Create an assertive public education campaign for the purpose of educating the general public about predatory lending practices.</p> <p>Lobby to address legislative changes needed in order to combat predatory lending.</p>	<p>1. MSHDA Single Family 2. MSHDA Finance 3. MSHDA Legal Affairs 4. Bond Counsel 5. MBA</p> <p>1. MSHDA Single Family 2. MSHDA Office of Program Policy & Marketing Research 3. Michigan Bankers Association (MBA) 4. Counseling Network</p>

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<p>3. Partner with legal clinics/aid in the state to combat predatory lending, creating a statewide network of legal services programs to focus on predatory lending.</p>	<p>Expand predatory lending counseling curriculum.</p> <p>Explore implementing government mandate requiring education for all sub-prime and predatory lenders.</p> <p>Submit grant application to HUD via the SuperNOFA for predatory lending funds.</p> <p>Provide legal assistance defending homeowners against foreclosures or the loss of equity in their homes by filing predatory lending claims against mortgage holders and mortgage servicers.</p> <p>Provide legal assistance defending homebuyers purchasing homes with a land contract. Assisting clients to insure that contracts are legal and properly recorded.</p> <p>Educate legal aid attorneys about predatory lending practices.</p>	<p>1. Office of Financial and Insurance Services (OFIS) 2. MSHDA Legal Affairs</p>
<p>4. Develop a marketing tool to reach homebuyers/owners that may fall prey to predatory and sub-prime lending.</p>	<p>Marketing to include information on bilingual TV and radio channels.</p> <p>Conduct “head to head” marketing during the middle of the night when most predatory advertisements are aired.</p> <p>Marketing efforts to also target Rent to Own, Land Contracts, Adjustable rate Mortgages (ARM’s) and Interest Only Mortgages.</p>	<p>1. MSHDA Single Family 2. Community Lenders 3. MSHDA Public Affairs Division</p>

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WORKGROUP: HOMEOWNERSHIP - INCREASING PRODUCTION OF LOW- AND MODERATE-INCOME HOMEOWNERS

STRATEGIC ISSUE:

4. Increase production of low- and moderate-income homeownership in Michigan.

FINAL RECOMMENDATION (S):	ACTION STEPS needed for follow up and implementation:	WHO must be involved in follow-up and implementation:
<p>1. Increase affordability for low-income borrowers (50% of AMI) and moderate-income borrowers (80% AMI).</p>	<p>Increase forgivable down payment assistance (DPA) to allow for the reduction of first mortgage to increase the affordability of home purchasing. The areas of greatest need include groups with lower than average homeownership rates, such as minorities, immigrants, women and younger first-time buyers. Single heads of households with dependent children would benefit by increasing their ability to purchase in “family friendly” communities.</p> <ol style="list-style-type: none"> 1. Evaluate impact on existing down payment assistance program to provide increased funds for emerging market homebuyers. 2. Evaluate other sources of funding to determine feasibility of providing forgivable DPA. <p>Pledge to pay any recapture tax resulting from participation in MSHDA Single Family loan program.</p> <ol style="list-style-type: none"> 1. Make legislative change, if necessary, to honor this commitment. 2. Work with attorneys to determine if there are non-legislative ways to pledge to 	<ol style="list-style-type: none"> 1. National City Mortgage 2. MSHDA Single Family 3. MSHDA Finance 4. Michigan Bankers Association <ol style="list-style-type: none"> 1. MSHDA Legal Affairs 2. Bond Counsel 3. MSHDA Finance 4. Michigan Attorney General

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	<p>Evaluate opportunities for limited equity housing co-op to create additional affordable housing opportunities.</p> <ol style="list-style-type: none"> 1. Work with MSHDA Single Family and the lending community to increase opportunities for owner financing of Limited Equity Housing Cooperatives. 2. Work with municipalities and state agencies to provide increased tax incentives for development of Limited Equity Housing Cooperatives and conversion of existing apartment complexes to Limited Equity Housing Co-ops. <p>Increase MSHDA product menu to offer increased financing opportunities for low and moderate-income borrowers, such as rehabilitation loans to increase value of existing housing stock, including financing improvements for HUD Real Estate Owned and MSHDA Real Estate Owned. Provide a Construction/Permanent product to increase affordable options for low and moderate-income borrowers building new housing by providing a one-note construction loan.</p> <ol style="list-style-type: none"> 1. Work with Single Family to determine the cost and feasibility of offering these options. 2. Research other bond agencies offering these options to determine what steps have been taken to offer these options. <p>Evaluate purchase of Habitat for Humanity</p>	<ol style="list-style-type: none"> 1. MSHDA Community Development 2. MSHDA Single Family 3. Annemarie Rogers <ol style="list-style-type: none"> 1. MSHDA Single Family 2. Annemarie Rogers
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	loans at a discount without acquiring servicing of such loans.	
	Provide additional financing opportunities with MSHDA's conventional product for undocumented workers using Individual Taxpayer Identification Number (ITIN). In many cases, these borrowers are in the process of obtaining permanent residency. Deportation has not been an issue since these efforts have primarily been focused on violent criminals and those suspected of having terrorist connections.	1. MSHDA Finance
	1. Work with MSHDA Single Family to include these individuals as eligible borrowers, thus decreasing their vulnerability to illegal land contracts and predatory lending. 2. Target financial literacy and homeownership education in communities where there are a significant number of undocumented workers.	1. Natan Espinosa 2. Nina Rodriguez, Southwest Solutions 3. Rep. John Espinosa 4. MSHDA Single Family 5. MSHDA Legal Affairs
	Advocate for deductibility of mortgage insurance and increased ability to itemize for low and moderate-income borrower regarding federal income taxes.	
	Establish direct lender referral system.	
	1. Provide easily accessible and accurate system for prospective borrowers searching for established MSHDA lenders in their area. 2. Include individual loan officers for	1. NCSHA

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<p>2. Increase lender participation in MSHDA Single Family loan program.</p>	<p>referrals who have closed a preset number of loans in recent year.</p> <p>Improve compensation to lenders in an effort to increase loan officer compensation.</p> <ol style="list-style-type: none"> 1. Meet with individual established lenders to determine what changes in MSHDA compensation would improve compensation to individual loan officers 2. Create a contract with lenders to require a minimum compensation to originators for smaller loan amounts. 3. Offer tiering of compensation for loan officers. For example, offer an increase in compensation per loan for loan officers who met a certain threshold for number of loans closed for the previous year. <p>Increase availability of lender training outside of Lansing to minimize lender travel.</p> <ol style="list-style-type: none"> 1. Create training calendar based upon interest and location of new lenders. 2. Offer Web cast training in conjunction with a conference line to increase lender training. <p>Provide enhancements for acreage restrictions for MSHDA Single Family transactions, thus expanding affordable mortgage financing opportunities in rural areas.</p> <ol style="list-style-type: none"> 1. Better communicate exception procedure to lenders for parcels 	<ol style="list-style-type: none"> 1. MSHDA Single Family 2. DIT <ol style="list-style-type: none"> 1. Bond Counsel 2. MSHDA Finance 3. MSHDA Single Family 4. Mary Fowlie 5. Annemarie Rogers <ol style="list-style-type: none"> 1. Michigan Association of Realtors 2. Cathy Wray 3. DIT 4. MSHDA Single Family
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<p>3. Create MSHDA operated private mortgage insurance company to provide mortgage insurance for all conventional MSHDA products. Revenue generated from private mortgage insurance will eventually provide forgivable down payment assistance to increase purchase affordability among low-income borrowers.</p>	<p>exceeding 1-1/2 acres.</p> <p>2. Allow exceptions without monetary contribution from borrower for properties with acreages exceeding 1-1/2, when the value is unaffected by the additional acreage.</p> <p>3. Continue discussion with attorney to increase maximum acreage to 5 acres.</p> <p>Eliminate requirement for borrowers to payoff collections when obtaining MSHDA financing.</p> <p>Evaluate most recent two years' mortgage portfolio to determine volume of insurance, which could be diverted to a MSHDA-operated insurance company.</p> <p>Estimate start up costs and budget for sustaining company to evaluate feasibility of operation.</p>	<p>1. MSHDA Single Family</p> <p>2. Bond Counsel</p>
	<p>Develop reinsurance plan with mortgage insurance companies to share pricing and risk to make development of MSHDA company appealing to its existing approved providers of mortgage insurance.</p> <p>Provide MSHDA lenders customer-friendly options currently available from mortgage insurers, such as online rate cards, online ordering of mortgage insurance, and delegating mortgage insurance program for approved lenders.</p>	<p>1. MSHDA Single Family</p> <p>2. Bond Counsel</p> <p>3. MSHDA Legal Affairs</p> <p>4. MSHDA Finance</p>
	<p>1. Expand existing volume of conventional</p>	<p>1. MSHDA Single Family</p> <p>2. MSHDA Legal Affairs</p> <p>3. MassHousing</p> <p>4. Representatives from mortgage insurance companies</p>

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<p>4. Promote MSHDA as a brand and to increase visibility to lenders and consumers, making it synonymous with affordable housing opportunity for homeowners in Michigan.</p>	<p>product to increase demand for mortgage insurance through MSHDA.</p> <p>2. Follow model of MassHousing to develop company.</p> <p>Hire Marketing Specialist and marketing staff to market MSHDA products and their benefits, as well as providing service to new and existing lenders.</p> <ol style="list-style-type: none"> 1. Develop and implement marketing campaign to increase visibility and awareness of MSHDA's Single Family loan programs through advertising and media placement. 2. Cultivate and maintain lender relationships by being a liaison for lenders with MSHDA departments. This department would be an initial point of contact for lenders by providing basic information on the reservation process, underwriting submission, scheduling training and post closing issues, essentially working as a lender advocate within MSHDA. 3. Communicate lender needs to internal MSHDA sources to improve and maintain reputation in the lender community. 4. Monitor competitiveness of MSHDA products in the lending market and provide insight to internal MSHDA sources. <p>Increase visibility of MSHDA financing opportunities to existing lender partners through increased training opportunities.</p>	<ol style="list-style-type: none"> 1. MSDHA Single Family 2. Jonathan Bradford-ICCF for wholesale opportunities
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	<p>Sign up new lenders to originate MSHDA loans, targeting community banks and credit unions.</p> <p>Market MSHDA products to wholesale lenders in an effort to reach the broker community.</p> <p>Consider buying search engine priority in an effort to reach consumers searching for lending products on the Web.</p> <p>Evaluate the benefits of Web advertising on real estate Web sites.</p> <p>Upgrade lender and consumer Web sites to provide easier navigation and increased online resources.</p> <ol style="list-style-type: none">1. Offer online “quick eligibility check” for lenders to assist originators to identify qualifying MSHDA applicants.2. Determine if new Web site software should be purchased from MassHousing, if another Web site software should be purchased or if MSHDA should allocate resources to develop its own Web site.3. Provide easy online access with easy navigation to all published resources and forms available to lenders.4. Reduce the number of fields needed to be completed to obtain MSHDA reservation online.5. Conspicuously post MSHDA phone number and address on home page of consumer and lender Web sites.6. Provide lender management with Web	<ol style="list-style-type: none">1. MSHDA Single Family2. DIT3. Annemarie Rogers4. Mary Fowlie5. MSHDA Finance
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	<p>site authority to add and eliminate individual users.</p> <p>7. Provide access to state multi-list from consumer Web site.</p> <p>Obtain market research regarding consumer habits for home buying in Michigan, such as the source of real estate agent referrals and the source of lender referrals to determine most effective ways to reach homebuyers.</p> <p>Increase outreach to real estate community.</p> <p>1. Provide certified continuing education for real estate agents to increase awareness of benefits of MSHDA products for first-time homebuyers.</p> <p>2. Deliver presentations to local real estate boards, focusing on how agents can improve their long-term business by increasing options for first-time homebuyers through support of MSHDA products. Presentations may be joint with lenders or Rural Development.</p>	<p>1. MSHDA Single Family</p> <p>2. Michigan Association of Realtors</p>
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CHALLENGES associated with follow-up and implementation:

1. Negative public perception of undocumented workers has resulted in attempting to restrict their ability to obtain financing.
2. Source of funds for forgivable down payment assistance has been limited.
3. Wholesale lenders have not historically offered state bond program.